

110TH CONGRESS  
1ST SESSION

# S. 1412

To amend the Farm Security and Rural Development Act of 2002 to support beginning farmers and ranchers, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MAY 16, 2007

Mr. HARKIN introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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## A BILL

To amend the Farm Security and Rural Development Act of 2002 to support beginning farmers and ranchers, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Beginning Farmer and Rancher Opportunity Act of  
6       2007”.

7       (b) TABLE OF CONTENTS.—The table of contents for  
8       this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Beginning farmer and rancher development program.

- Sec. 3. Beginning farmer and rancher individual development accounts pilot program.
- Sec. 4. Down payment loan program.
- Sec. 5. Beginning farmer or rancher contract land sales program.
- Sec. 6. Inventory sales preferences.
- Sec. 7. Agricultural loans.
- Sec. 8. Loan authorization levels and fund set-asides.
- Sec. 9. Soil and water conservation and protection.
- Sec. 10. Conservation Reserve Program transition incentives.
- Sec. 11. Conservation cost sharing.
- Sec. 12. Research programs.
- Sec. 13. Risk management education for beginning farmers or ranchers.

1   **SEC. 2. BEGINNING FARMER AND RANCHER DEVELOPMENT**  
 2                   **PROGRAM.**

3           (a) GRANTS.—Section 7405(c) of the Farm Security  
 4 and Rural Investment Act of 2002 (7 U.S.C. 3319f(c))  
 5 is amended—

6                   (1) in paragraph (1)—

7                           (A) in subparagraph (I), by inserting “, in-  
 8 cluding energy conservation and efficiency” be-  
 9 fore the semicolon; and

10                   (B) in subparagraph (K), by inserting “,  
 11 including transition to organic and other  
 12 source-verified and value-added alternative pro-  
 13 duction and marketing systems”;

14           (2) by striking paragraph (3) and inserting the  
 15 following:

16                   “(3) MAXIMUM TERM AND SIZE OF GRANT.—

17                           “(A) IN GENERAL.—A grant under this  
 18 subsection shall—

19                                   “(i) have a term that is not more than  
 20                                   3 years; and

1 “(ii) be in an amount that is not more  
2 than \$250,000 a year.

3 “(B) CONSECUTIVE GRANTS.—An eligible  
4 recipient may receive consecutive grants under  
5 this subsection.”;

6 (3) by redesignating paragraphs (5) through  
7 (7) as paragraphs (9) through (11), respectively;

8 (4) by inserting after paragraph (4) the fol-  
9 lowing:

10 “(5) EVALUATION CRITERIA.—In making  
11 grants under this subsection, the Secretary shall  
12 evaluate—

13 “(A) relevancy;

14 “(B) technical merit;

15 “(C) achievability;

16 “(D) the expertise and track record of the  
17 principal partners;

18 “(E) the adequacy of plans for  
19 participatory evaluation process, outcome-based  
20 reporting, and the communication of findings  
21 and results beyond the immediate target audi-  
22 ence; and

23 “(F) other appropriate factors, as deter-  
24 mined by the Secretary.

1           “(6) REGIONAL BALANCE.—In making grants  
2           under this section, the Secretary shall, to the max-  
3           imum extent practicable, ensure geographic diver-  
4           sity.

5           “(7) ORGANIC CONVERSION.—The Secretary  
6           may make grants under this section to support  
7           projects that provide comprehensive technical assist-  
8           ance to beginning farmers or ranchers who are in  
9           the process of converting to certified organic produc-  
10          tion.

11          “(8) PRIORITY.—In making grants under this  
12          section, the Secretary shall give priority to partner-  
13          ships and collaborations that are led by or include  
14          non-governmental and community-based organiza-  
15          tions with expertise in new farmer training and out-  
16          reach.”; and

17          (5) in paragraph (9) (as redesignated by para-  
18          graph (3))—

19                (A) in subparagraph (B), by striking  
20                “and” at the end;

21                (B) in subparagraph (C), by striking the  
22                period and adding “; and”; and

23                (C) by adding at the end the following:

24                   “(D) farmers or ranchers that are refugees  
25                   or immigrants (as those terms are defined in

1           section 101(a) of the Immigration and Nation-  
2           ality Act (8 U.S.C. 1101(a)).”.

3           (6) EDUCATION TEAMS.—Section 7405(d)(2) of  
4           the Farm Security and Rural Investment At of 2002  
5           (7 U.S.C. 3319f(d)(2)) is amended by inserting  
6           “and including sustainable and organic farming pro-  
7           duction and marketing methods” before the period  
8           at the end.

9           (b) STAKEHOLDER INPUT.—Section 7405(f) of the  
10          Farm Security and Rural Investment At of 2002 (7  
11          U.S.C. 3319f(f)) is amended—

12               (1) by redesignating paragraphs (1) through  
13               (3) as subparagraphs (A) through (C), respectively,  
14               and indenting appropriately;

15               (2) by striking “In carrying out” and inserting  
16               the following:

17                       “(1) IN GENERAL.—In carrying out”; and

18                       (3) by adding at the end the following:

19                       “(2) REVIEW PANELS.—In forming review pan-  
20                       els to evaluate proposals submitted under this sec-  
21                       tion, the Secretary shall include individuals from the  
22                       categories described in paragraph (1).”.

23           (c) FUNDING.—Section 7405(h) of the Farm Secu-  
24          rity and Rural Investment At of 2002 (7 U.S.C. 3319f(h))  
25          is amended to read as follows:

1 “(h) FUNDING.—

2 “(1) IN GENERAL.—On October 1, 2007, and  
 3 on each October 1 thereafter through October 1,  
 4 2011, out of any funds in the Treasury not other-  
 5 wise appropriated, the Secretary of the Treasury  
 6 shall transfer to the Secretary to carry out this sec-  
 7 tion \$25,000,000, to remain available for 2 fiscal  
 8 years.

9 “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
 10 retary shall be entitled to receive, shall accept, and  
 11 shall use to carry out this section the funds trans-  
 12 ferred under paragraph (1), without further appro-  
 13 priation.

14 “(3) LIMITATION.—The Secretary shall use not  
 15 more than 10 percent of the total funds made avail-  
 16 able under paragraph (1) to carry out subsections  
 17 (d) and (e).”.

18 **SEC. 3. BEGINNING FARMER AND RANCHER INDIVIDUAL**  
 19 **DEVELOPMENT ACCOUNTS PILOT PROGRAM.**

20 The Consolidated Farm and Rural Development Act  
 21 is amended by adding after section 333A (7 U.S.C. 1983a)  
 22 the following:

1 **“SEC. 333B. BEGINNING FARMER AND RANCHER INDI-**  
 2 **VIDUAL DEVELOPMENT ACCOUNTS PILOT**  
 3 **PROGRAM.**

4 “(a) DEFINITIONS.—In this section:

5 “(1) DEMONSTRATION PROGRAM.—The term  
 6 ‘demonstration program’ means a demonstration  
 7 program carried out by a qualified entity under the  
 8 pilot program established in subsection (b)(1).

9 “(2) ELIGIBLE PARTICIPANT.—The term ‘eligi-  
 10 ble participant’ means a qualified beginning farmer  
 11 or rancher that—

12 “(A) has knowledge, experience, and a  
 13 demonstrated commitment to agriculture;

14 “(B) lacks significant financial resources  
 15 or assets; and

16 “(C) has an income that is less than—

17 “(i) 80 percent of the median income  
 18 of the area in which the eligible participant  
 19 is located; or

20 “(ii) 200 percent of the most recent  
 21 Federal Poverty Income Guidelines pub-  
 22 lished by the Department of Health and  
 23 Human Services.

24 “(3) INDIVIDUAL DEVELOPMENT ACCOUNT.—  
 25 The term ‘individual development account’ means a  
 26 savings account described in subsection (b)(4)(A).

1 “(4) QUALIFIED ENTITY.—

2 “(A) IN GENERAL.—The term ‘qualified  
3 entity’ means—

4 “(i) 1 or more organizations—

5 “(I) described in section  
6 501(c)(3) of the Internal Revenue  
7 Code of 1986; and

8 “(II) exempt from taxation under  
9 section 501(a) of such Code; or

10 “(ii) a State, local, or tribal govern-  
11 ment submitting an application jointly with  
12 an organization described in clause (i).

13 “(B) NO PROHIBITION ON COLLABORA-  
14 TION.—An organization described in subpara-  
15 graph (A)(i) may collaborate with a financial  
16 institution or for-profit community development  
17 corporation to carry out the purposes of this  
18 section.

19 “(b) PILOT PROGRAM.—

20 “(1) IN GENERAL.—The Secretary shall estab-  
21 lish a pilot program to be known as the ‘New Farm-  
22 er Individual Development Accounts Pilot Program’  
23 under which the Secretary shall work through quali-  
24 fied entities to establish demonstration programs—

25 “(A) of at least 5 years in duration; and

1 “(B) in at least 15 States.

2 “(2) COORDINATION.—The Secretary shall op-  
3 erate the pilot program through, and in coordination  
4 with the farm loan programs of, the Farm Service  
5 Agency.

6 “(3) RESERVE FUNDS.—

7 “(A) IN GENERAL.—Each demonstration  
8 program shall establish a reserve fund con-  
9 sisting of a non-Federal match of 25 percent of  
10 the total amount of the grant awarded to the  
11 demonstration program under this section.

12 “(B) FEDERAL FUNDS.—After a dem-  
13 onstration program has deposited in the reserve  
14 fund the non-Federal matching funds described  
15 in subparagraph (A), the Secretary shall pro-  
16 vide to the demonstration program for deposit  
17 in the reserve fund the total amount of the  
18 grant awarded under this section.

19 “(C) USE OF FUNDS.—Of the Federal  
20 funds deposited in a reserve fund under sub-  
21 paragraphs (A) and (B), a demonstration pro-  
22 gram—

23 “(i) may use up to 20 percent for ad-  
24 ministrative expenses; and

1 “(ii) shall use the remainder to make  
 2 matching awards described in paragraph  
 3 (4)(B)(ii)(I).

4 “(D) INTEREST.—Any interest earned on  
 5 amounts in a reserve fund established under  
 6 subparagraph (A) may be used as additional  
 7 matching funds for, or to administer, the dem-  
 8 onstration program.

9 “(E) GUIDANCE.—The Secretary shall im-  
 10 plement guidance regarding the investment re-  
 11 quirements of reserve funds established under  
 12 this paragraph.

13 “(4) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

14 “(A) IN GENERAL.—A demonstration pro-  
 15 gram shall establish and administer an indi-  
 16 vidual development account for each eligible  
 17 participant.

18 “(B) CONTRACT REQUIREMENTS.—To be  
 19 eligible to receive funds under this section, each  
 20 eligible participant shall enter into a contract  
 21 with a demonstration program under which—

22 “(i) the eligible participant shall  
 23 agree—

24 “(I) to deposit a certain amount  
 25 of funds of the eligible participant in

1 a personal savings account, as pre-  
2 scribed by the contractual agreement  
3 between the eligible participant and  
4 the demonstration program;

5 “(II) to use the funds described  
6 in subclause (I) only for 1 or more eli-  
7 gible expenditures described in para-  
8 graph (5)(A);

9 “(III) to forfeit any right to  
10 amounts in the individual development  
11 account in any case in which the eligi-  
12 ble participant is more than 1 month  
13 delinquent in fulfilling the obligation  
14 under subclause (I) or in which the el-  
15 igible participant uses funds described  
16 in that subclause for a purpose other  
17 than an eligible expenditure; and

18 “(IV) to complete qualified finan-  
19 cial training; and

20 “(ii) the demonstration program shall  
21 agree—

22 “(I) to deposit not later than 1  
23 month after a deposit described in  
24 clause (i)(I) a 300-percent match of  
25 that amount into the individual devel-

1                   opment account established for the el-  
2                   igible participant;

3                   “(II) to use the funds described  
4                   in subclause (I) only for 1 or more eli-  
5                   gible expenditures selected by the eli-  
6                   gible participant; and

7                   “(III) to provide a financial edu-  
8                   cation course to all eligible partici-  
9                   pants.

10                  “(C) LIMITATION.—

11                   “(i) IN GENERAL.—A demonstration  
12                   program may provide not more than  
13                   \$9,000 for each fiscal year in matching  
14                   funds to any eligible participant.

15                   “(ii) TREATMENT OF AMOUNT.—An  
16                   amount provided under clause (i) shall not  
17                   be considered to be a gift or loan.

18                   “(D) FORFEITS.—Any amounts forfeited  
19                   under subparagraph (B)(i)(III) shall be re-  
20                   turned to the reserve fund of the demonstration  
21                   program.

22                   “(E) INTEREST.—Any interest earned on  
23                   amounts in an individual development account  
24                   shall be compounded with amounts otherwise

1 deposited in the individual development ac-  
2 count.

3 “(F) TREATMENT OF FUNDS.—

4 “(i) IN GENERAL.—Of the funds de-  
5 scribed in this paragraph, only the funds  
6 deposited by the eligible participant in a  
7 personal savings account under subpara-  
8 graph (A)(i)(I) (including interest accruing  
9 on those funds) may be considered to be  
10 income.

11 “(ii) DETERMINATION OF ELIGIBILITY  
12 AND AMOUNT.—For purposes of deter-  
13 mining eligibility for, or the amount of as-  
14 sistance provided under, any need-based  
15 Federal or federally-assisted program,  
16 amounts held in an individual development  
17 account shall be excluded.

18 “(5) ELIGIBLE EXPENDITURES.—

19 “(A) IN GENERAL.—An eligible expendi-  
20 ture described in this subparagraph is an ex-  
21 penditure—

22 “(i) to purchase farmland;

23 “(ii) to make a down payment on an  
24 accepted purchase offer for farmland;

1 “(iii) to make mortgage payments for  
2 up to 180 days after the date of purchase  
3 of farmland;

4 “(iv) to purchase farm equipment or  
5 production, storage, or marketing infra-  
6 structure;

7 “(v) to purchase breeding stock;

8 “(vi) to purchase fruit or nut trees or  
9 trees to harvest for timber;

10 “(vii) to purchase other assets that  
11 improve the financial viability of the farm-  
12 ing operation;

13 “(viii) to make a transition to organic  
14 production;

15 “(ix) to pay training or mentorship  
16 expenses to facilitate specific entrepre-  
17 neurial agricultural activities; and

18 “(x) for other similar expenditures, as  
19 determined by the Secretary.

20 “(B) TIMING.—

21 “(i) IN GENERAL.—An eligible ex-  
22 penditure may be made at any time during  
23 the 2-year period beginning on the date on  
24 which the last matching funds are provided  
25 under paragraph (4)(B)(ii)(I).

1                   “(ii) UNEXPENDED FUNDS.—Funds  
 2                   remaining in an individual development ac-  
 3                   count after the period described in clause  
 4                   (i) shall revert to the reserve fund of the  
 5                   demonstration program.

6           “(c) APPLICATIONS.—

7                   “(1) ANNOUNCEMENT OF DEMONSTRATION  
 8                   PROGRAMS.—Not later than 180 days after the date  
 9                   of enactment of this section, the Secretary shall—

10                   “(A) publicly announce the availability of  
 11                   funding under this section for demonstration  
 12                   programs; and

13                   “(B) ensure that applications to carry out  
 14                   demonstration programs are widely available to  
 15                   qualified entities.

16                   “(2) SUBMISSION.—Not later than 270 days  
 17                   after the date of enactment of this section, a quali-  
 18                   fied entity may submit to the Secretary an applica-  
 19                   tion to carry out a demonstration program.

20                   “(3) CRITERIA.—In considering whether to ap-  
 21                   prove an application to carry out a demonstration  
 22                   program, the Secretary shall assess—

23                   “(A) the degree to which the demonstra-  
 24                   tion program described in the application is

1           likely to aid eligible participants in successfully  
2           pursuing new farming opportunities;

3           “(B) the experience and ability of the  
4           qualified entity to responsibly administer the  
5           project;

6           “(C) the experience and ability of the  
7           qualified entity in recruiting, educating, and as-  
8           sisting eligible participants to increase economic  
9           independence and pursue or advance farming  
10          opportunities;

11          “(D) the aggregate amount of direct funds  
12          from non-Federal public sector and private  
13          sources that are formally committed to the  
14          demonstration program as matching contribu-  
15          tions;

16          “(E) the adequacy of the plan for pro-  
17          viding information relevant to an evaluation of  
18          the demonstration program; and

19          “(F) such other factors as the Secretary  
20          considers to be appropriate.

21          “(4) PREFERENCES.—In considering an appli-  
22          cation to conduct a demonstration program under  
23          this part, the Secretary shall give preference to an  
24          application from a qualified entity that—

25               “(A) demonstrates—

1 “(i) a track record of serving targeted  
2 clients; and

3 “(ii) expertise in dealing with finan-  
4 cial management aspects of farming; or

5 “(B)(i) targets underserved and socially  
6 disadvantaged farmers or ranchers; and

7 “(ii) demonstrates a track record of reach-  
8 ing and serving those clients.

9 “(5) APPROVAL.—

10 “(A) IN GENERAL.—Not later than 1 year  
11 after the date of enactment of this section, in  
12 accordance with this section, the Secretary  
13 shall, on a competitive basis, approve such ap-  
14 plications to conduct demonstration programs  
15 as the Secretary considers appropriate.

16 “(B) DIVERSITY.—The Secretary shall en-  
17 sure, to the maximum extent practicable, that  
18 approved applications involve demonstration  
19 programs for a range of geographic areas and  
20 diverse populations.

21 “(6) TERM OF AUTHORITY.—If the Secretary  
22 approves an application to carry out a demonstration  
23 program, the Secretary shall authorize the applying  
24 qualified entity to carry out the project for a period  
25 of 5 years, plus an additional 2 years for the making

1 of eligible expenditures in accordance with sub-  
2 section (b)(5)(B).

3 “(d) GRANT AUTHORITY.—

4 “(1) IN GENERAL.—For each year during which  
5 a demonstration program is carried out under this  
6 section, the Secretary shall make a grant to the  
7 qualified entity authorized to carry out the dem-  
8 onstration program.

9 “(2) MAXIMUM AMOUNT OF GRANTS.—The ag-  
10 gregate amount of grant funds provided to a dem-  
11 onstration program carried out under this section  
12 shall not exceed \$300,000.

13 “(e) REPORTS.—

14 “(1) ANNUAL PROGRESS REPORTS.—

15 “(A) IN GENERAL.—Not later than 60  
16 days after the end of the calendar year in which  
17 the Secretary authorizes a qualified entity to  
18 carry out a demonstration program, and annu-  
19 ally thereafter until the conclusion of the dem-  
20 onstration program, the qualified entity shall  
21 prepare an annual report that includes, for the  
22 period covered by the report—

23 “(i) an evaluation of the progress of  
24 the demonstration program;

1 “(ii) information about the dem-  
 2 onstration program and eligible partici-  
 3 pants;

4 “(iii) the number and characteristics  
 5 of individuals that have made 1 or more  
 6 deposits into an individual development ac-  
 7 count;

8 “(iv) the amounts in the reserve fund  
 9 established with respect to the program;

10 “(v) the amounts deposited in the in-  
 11 dividual development accounts;

12 “(vi) the amounts withdrawn from the  
 13 individual development accounts and the  
 14 purposes for which the amounts were with-  
 15 drawn;

16 “(vii) the balances remaining in the  
 17 individual development accounts;

18 “(viii)(I) the development account  
 19 characteristics (such as threshold amounts  
 20 and match rates) required to stimulate  
 21 participation in the demonstration pro-  
 22 gram; and

23 “(II) how the characteristics vary  
 24 among different populations or commu-  
 25 nities;

1 “(ix)(I) what service configurations of  
 2 the qualified entity (such as peer support,  
 3 structured planning exercises, mentoring,  
 4 and financial management) increased the  
 5 rate and consistency of participation in the  
 6 demonstration program; and

7 “(II) how the configurations varied  
 8 among different populations or commu-  
 9 nities; and

10 “(x) such other information as the  
 11 Secretary may require.

12 “(B) SUBMISSION OF REPORTS.—A quali-  
 13 fied entity shall submit each report required  
 14 under subparagraph (A) to the Secretary.

15 “(C) 5-YEAR EVALUATION.—In addition to  
 16 the annual evaluations required under subpara-  
 17 graph (A)(i), not later than 5 years after the  
 18 date on which a qualified entity begins to carry  
 19 out a demonstration program, the qualified en-  
 20 tity shall submit to the Secretary a comprehen-  
 21 sive evaluation of the demonstration program.

22 “(2) REPORTS BY THE SECRETARY.—

23 “(A) INTERIM REPORTS.—Not later than  
 24 90 days after the end of the calendar year in  
 25 which the Secretary first authorizes a qualified

1 entity to carry out a demonstration program  
2 under this section, and annually thereafter until  
3 all demonstration programs are completed, the  
4 Secretary shall submit to Congress an interim  
5 report that describes the reports submitted by  
6 each demonstration program under paragraph  
7 (1).

8 “(B) FINAL REPORTS.—Not later than 1  
9 year after the date on which all demonstration  
10 programs under this section are concluded, the  
11 Secretary shall submit to Congress a final re-  
12 port that describes the results and findings of  
13 all reports and evaluations carried out under  
14 this section.

15 “(f) REGULATIONS.—The Secretary shall promulgate  
16 regulations to carry out this section, including regulations  
17 relating to—

18 “(1) the termination of demonstration pro-  
19 grams;

20 “(2) control of the reserve funds in the case of  
21 such a termination;

22 “(3) transfer of demonstration programs to  
23 other qualified entities; and

1           “(4) remissions from a reserve fund in a case  
 2           in which a demonstration program is terminated  
 3           without transfer to a new qualified entity.

4           “(g) FUNDING.—

5           “(1) IN GENERAL.—On October 1, 2007, and  
 6           on each October 1 thereafter through October 1,  
 7           2012, out of any funds in the Treasury not other-  
 8           wise appropriated, the Secretary of the Treasury  
 9           shall transfer to the Secretary to carry out this sec-  
 10          tion \$5,000,000, to remain available until expended.

11          “(2) ADMINISTRATION AND TRAINING.—Of the  
 12          total funds made available under paragraph (1), not  
 13          more than 5 percent for administration and 5 per-  
 14          cent for training may be used by the Secretary—

15                 “(A) to administer the pilot program; and

16                 “(B) to provide training, or hire 1 or more  
 17                 consultants to provide training, to instruct  
 18                 qualified entities in carrying out demonstration  
 19                 programs, including payment of reasonable  
 20                 costs incurred with respect to that training  
 21                 for—

22                         “(i) staff or consultant travel;

23                         “(ii) lodging;

24                         “(iii) meals; and

25                         “(iv) materials.

1           “(3) RECEIPT AND ACCEPTANCE.—The Sec-  
 2       retary shall be entitled to receive, shall accept, and  
 3       shall use to carry out this section the funds trans-  
 4       ferred under paragraph (1), without further appro-  
 5       priation.”.

6 **SEC. 4. DOWN PAYMENT LOAN PROGRAM.**

7       Section 310E of the Consolidated Farm and Rural  
 8       Development Act (7 U.S.C. 1935) is amended—

9           (1) in subsection (b)—

10               (A) by striking paragraph (1) and insert-  
 11               ing the following:

12               “(1) PRINCIPAL.—

13                       “(A) PURCHASE PRICE OF \$500,000 OR  
 14               LESS.—Except as provided in subparagraph  
 15               (C), each loan made under this section for a  
 16               purchase price that is \$500,000 or less, shall be  
 17               in an amount that does not exceed 45 percent  
 18               of the lesser of—

19                               “(i) the purchase price; or

20                               “(ii) the appraised value of the farm  
 21               or ranch to be acquired.

22               “(B) PURCHASE PRICE GREATER THAN  
 23               \$500,000.—Except as provided in subparagraph  
 24               (C), each loan made under this section for a  
 25               purchase price that is greater than \$500,000,

1 shall be in an amount that does not exceed 45  
 2 percent of the lesser of—

3 “(i) \$500,000; or

4 “(ii) the appraised value of the farm  
 5 or ranch to be acquired.

6 “(C) BORROWER REQUEST.—A borrower  
 7 may request a lower loan amount than an  
 8 amount specified in subparagraph (A) or (B).”;  
 9 (B) by striking paragraph (2) and insert-  
 10 ing the following:

11 “(2) INTEREST RATE.—The interest rate on  
 12 any loan made by the Secretary under this section  
 13 shall be a rate equal to the greater of—

14 “(A) the difference obtained by subtracting  
 15 4 percent from the interest rate for regular  
 16 ownership loans under this subtitle; or

17 “(B) 1 percent.”; and

18 (C) in paragraph (4)—

19 (i) by striking “Each” and inserting  
 20 the following:

21 “(A) IN GENERAL.—Each”; and

22 (ii) by adding at the end the fol-  
 23 lowing:

24 “(B) FIRST INSTALLMENT.—The first in-  
 25 stallment for a loan made under this section

1           shall be due 2 years after the date on which the  
 2           loan is made, with annual installments being  
 3           due thereafter.”;

4           (2) in subsection (c)—

5                   (A) by striking paragraph (2); and

6                   (B) by redesignating paragraph (3) as  
 7           paragraph (2); and

8           (3) in subsection (d)—

9                   (A) in paragraph (3), by striking the  
 10          “and” at the end;

11                  (B) in paragraph (4), by striking the pe-  
 12          riod at the end and inserting “; and”; and

13                  (C) by adding at the end the following:

14           “(5) establish annual performance goals to pro-  
 15          mote the use of the down payment loan program and  
 16          other joint financing participation loans as the pre-  
 17          ferred choice for direct real estate loans made by  
 18          any lender to a qualified beginning farmer or ranch-  
 19          er.”.

20 **SEC. 5. BEGINNING FARMER OR RANCHER CONTRACT**  
 21 **LAND SALES PROGRAM.**

22          Section 310F of the Consolidated Farm and Rural  
 23          Development Act (7 U.S.C. 1936) is amended to read as  
 24          follows:

1 **“SEC. 310F. BEGINNING FARMER OR RANCHER CONTRACT**  
 2 **LAND SALES PROGRAM.**

3 “(a) IN GENERAL.—Subject to subsection (c), the  
 4 Secretary shall, in accordance with each condition de-  
 5 scribed in subsection (b), guarantee any loan made by a  
 6 private seller of a farm or ranch to a qualified beginning  
 7 farmer or rancher on a contract land sale basis.

8 “(b) CONDITIONS FOR GUARANTEE.—To receive a  
 9 guarantee for a loan by the Secretary under subsection  
 10 (a)—

11 “(1) the qualified beginning farmer or rancher  
 12 shall—

13 “(A) on the date on which the contract  
 14 land sale that is the subject of the loan is com-  
 15 plete, own or operate the farm or ranch that is  
 16 the subject of the contract land sale;

17 “(B) have a credit history that—

18 “(i) includes a record of satisfactory  
 19 debt repayment, as determined by the Sec-  
 20 retary; and

21 “(ii) is acceptable to the Secretary;  
 22 and

23 “(C) demonstrate to the Secretary that the  
 24 qualified beginning farmer or rancher is unable  
 25 to obtain sufficient credit without a guarantee  
 26 to finance any actual need of the qualified be-

1           ginning farmer or rancher at a reasonable rate  
2           or term;

3           “(2) the loan made by the private seller of a  
4           farm or ranch to the qualified beginning farmer or  
5           rancher on a contract land sale basis shall meet ap-  
6           plicable underwriting criteria, as determined by the  
7           Secretary; and

8           “(3) to carry out the loan—

9                   “(A) a commercial lending institution shall  
10           agree to serve as an escrow agent; or

11                   “(B) the private seller of a farm or ranch,  
12           in cooperation with the qualified beginning  
13           farmer or rancher, shall use an appropriate al-  
14           ternate arrangement, as determined by the Sec-  
15           retary.

16           “(c) LIMITATIONS.—

17                   “(1) DOWN PAYMENT.—The Secretary shall not  
18           guarantee a loan made by a private seller of a farm  
19           or ranch to a qualified beginning farmer or rancher  
20           under subsection (a) if the contribution of the quali-  
21           fied beginning farmer or rancher to the down pay-  
22           ment for the farm or ranch that is the subject of the  
23           contract land sale would be an amount less than 5  
24           percent of the purchase price of the farm or ranch.

1           “(2) MAXIMUM PURCHASE PRICE.—The Sec-  
 2       retary shall not guarantee a loan made by a private  
 3       seller of a farm or ranch to a qualified beginning  
 4       farmer or rancher under subsection (a) if the pur-  
 5       chase price or the appraisal value of the farm or  
 6       ranch that is the subject of the contract land sale  
 7       is an amount greater than \$500,000.

8           “(d) PERIOD OF GUARANTEE.—The Secretary shall  
 9       guarantee a loan made by a private seller of a farm or  
 10      ranch to a qualified beginning farmer or rancher under  
 11      subsection (a) for a 10-year period beginning on the date  
 12      on which the Secretary guarantees the loan.

13          “(e) GUARANTEE PLANS.—A private seller of a farm  
 14      or ranch who makes a loan to a qualified beginning farmer  
 15      or rancher that is guaranteed by the Secretary under sub-  
 16      section (a) may select—

17               “(1) a prompt payment guarantee plan, which  
 18      shall cover—

19                       “(A) 3 amortized annual installments; or

20                       “(B) an amount equal to 3 annual install-  
 21                      ments (including an amount equal to the total  
 22                      cost of any tax and insurance incurred during  
 23                      the period covered by the annual installments);  
 24                      or

1           “(2) a standard guarantee plan, which shall  
 2           cover an amount equal to 90 percent of the out-  
 3           standing principal of the loan made by the private  
 4           seller of a farm or ranch to the qualified beginning  
 5           farmer or rancher.”.

6 **SEC. 6. INVENTORY SALES PREFERENCES.**

7           Section 335(c) of the Consolidated Farm and Rural  
 8           Development Act (7 U.S.C. 1985(c)) is amended—

9                   (1) in paragraph (1)—

10                           (A) in subparagraph (B)—

11                                   (i) in the subparagraph heading, by  
 12                                   inserting “; SOCIALLY DISADVANTAGED  
 13                                   FARMER OR RANCHER” after “OR RANCH-  
 14                                   ER”;

15                                   (ii) in clause (i), by inserting “ or a  
 16                                   socially disadvantaged farmer or rancher”  
 17                                   after “or rancher”;

18                                   (iii) in clause (ii), by inserting “or so-  
 19                                   cially disadvantaged farmer or rancher”  
 20                                   after “or rancher”;

21                                   (iv) in clause (iii), by inserting “or a  
 22                                   socially disadvantaged farmer or rancher”  
 23                                   after “or rancher”; and

1 (v) in clause (iv), by inserting “and  
 2 socially disadvantaged farmers and ranch-  
 3 ers” after “and ranchers”; and

4 (B) in subparagraph (C), by inserting “or  
 5 a socially disadvantaged farmer or rancher”  
 6 after “or rancher”;

7 (2) in paragraph (5)(B)—

8 (A) in clause (i)—

9 (i) in the clause heading, by inserting  
 10 “; SOCIALLY DISADVANTAGED FARMER OR  
 11 RANCHER” after “OR RANCHER”;

12 (ii) by inserting “or a socially dis-  
 13 advantaged farmer or rancher” after “a  
 14 beginning farmer or rancher”; and

15 (iii) by inserting “or the socially dis-  
 16 advantaged farmer or rancher” after “the  
 17 beginning farmer or rancher”; and

18 (B) in clause (ii)—

19 (i) in the matter preceding subclause  
 20 (I), by inserting “or a socially disadvan-  
 21 taged farmer or rancher” after “or ranch-  
 22 er”; and

23 (ii) in subclause (II), by inserting “or  
 24 the socially disadvantaged farmer or ranch-  
 25 er” after “or rancher”; and

1 (3) in paragraph (6)—

2 (A) in subparagraph (A), by inserting “or  
3 a socially disadvantaged farmer or rancher”  
4 after “or rancher”; and

5 (B) in subparagraph (C)—

6 (i) in clause (i)(I), by inserting “and  
7 socially disadvantaged farmers and ranch-  
8 ers” after “and ranchers”; and

9 (ii) in clause (ii), by inserting “or so-  
10 cially disadvantaged farmers or ranchers”  
11 after “or ranchers”.

12 **SEC. 7. AGRICULTURAL LOANS.**

13 (a) DIRECT LOANS.—Section 302 of the Consolidated  
14 Farm and Rural Development Act (7 U.S.C. 1922) is  
15 amended by striking subsection (b) and inserting the fol-  
16 lowing:

17 “(b) DIRECT LOANS.—The Secretary may make a di-  
18 rect loan under this subtitle only to a farmer or rancher  
19 who has participated in the business operations of a farm  
20 or ranch for not less than 3 years.”.

21 (b) LIMITATIONS ON AMOUNT OF FARM OWNERSHIP  
22 LOANS.—Section 305(a)(2) of the Consolidated Farm and  
23 Rural Development Act (7 U.S.C. 1925(a)(2)) is amended  
24 by striking “\$200,000” and inserting “\$300,000”.

1 (c) LIMITATIONS ON AMOUNT OF OPERATING  
 2 LOANS.—Section 311 of the Consolidated Farm and  
 3 Rural Development Act (7 U.S.C. 1941) is amended by  
 4 striking subsection (c).

5 (d) LIMITATIONS ON AMOUNT OF OPERATING  
 6 LOANS.—Section 313(a)(1) of the Consolidated Farm and  
 7 Rural Development Act (7 U.S.C. 1943(a)(1)) is amended  
 8 by striking “\$200,000” and inserting “\$300,000”.

9 (e) TRANSITION TO PRIVATE COMMERCIAL OR  
 10 OTHER SOURCES OF CREDIT.—Subtitle D of the Consoli-  
 11 dated Farm and Rural Development Act is amended by  
 12 inserting after section 344 (7 U.S.C. 1992) the following:  
 13 **“SEC. 345. TRANSITION TO PRIVATE COMMERCIAL OR**  
 14 **OTHER SOURCES OF CREDIT.**

15 “(a) IN GENERAL.—In making or insuring a farm  
 16 loan under subtitle A or B, the Secretary shall establish  
 17 a plan and promulgate regulations (including performance  
 18 criteria) that promote the goal of transitioning borrowers  
 19 to private commercial credit and other sources of credit  
 20 in the shortest practicable period of time.

21 “(b) COORDINATION.—In carrying out this section,  
 22 the Secretary shall integrate and coordinate the transition  
 23 policy described in subsection (a) with—

24 “(1) the borrower training program established  
 25 by section 359;

1 “(2) the loan assessment process established by  
2 section 360;

3 “(3) the supervised credit requirement estab-  
4 lished by section 361;

5 “(4) the market placement program established  
6 by section 362; and

7 “(5) other appropriate programs and authori-  
8 ties, as determined by the Secretary.”.

9 **SEC. 8. LOAN AUTHORIZATION LEVELS AND FUND SET-**  
10 **ASIDES.**

11 (a) AUTHORIZATION OF LOANS.—Section 346(b) of  
12 the Consolidated Farm and Rural Development Act (7  
13 U.S.C. 1994(b)) is amended—

14 (1) in paragraph (1)—

15 (A) in the matter preceding subparagraph  
16 (A), by striking “\$3,796,000,000” and insert-  
17 ing “\$4,226,000,000”; and

18 (B) in subparagraph (A)—

19 (i) in the matter preceding clause (i),  
20 by striking “\$770,000,000” and inserting  
21 “\$1,200,000,000”;

22 (ii) in clause (i), by striking  
23 “\$205,000,000” and inserting  
24 “\$350,000,000”; and

1 (iii) in clause (ii), by striking  
 2 “\$565,000,000” and inserting  
 3 “\$850,000,000”;

4 (2) in paragraph (2)—

5 (A) in the paragraph heading, by striking  
 6 “AND RANCHERS” and inserting “OR RANCHERS  
 7 OR SOCIALLY DISADVANTAGED FARMERS OR  
 8 RANCHERS”;

9 (B) in subparagraph (A)—

10 (i) in clauses (i)(I), (ii), and (iii), by  
 11 striking “and ranchers” each place it ap-  
 12 pears and inserting “or ranchers or so-  
 13 cially disadvantaged farmers or ranchers”;

14 (ii) in clause (i)—

15 (I) in subclause (I), by striking  
 16 “70 percent” and inserting “an  
 17 amount that is not less than 75 per-  
 18 cent of the total amount made avail-  
 19 able under paragraph (1)”;

20 (II) in subclause (II)—

21 (aa) in the subclause head-  
 22 ing, by inserting “; PARTICIPA-  
 23 TION LOANS” after “PAYMENT  
 24 LOANS”;

1 (bb) by striking “60 per-  
 2 cent” and inserting “an amount  
 3 not less than  $\frac{2}{3}$  of the amount  
 4 reserved under subclause (I)”;  
 5 and

6 (cc) by inserting “and par-  
 7 ticipation loans” after “section  
 8 310E”;

9 (iii) in clause (ii)(III), by striking  
 10 “2003 through 2007, 35 percent” and in-  
 11 serting “2008 through 2012, an amount  
 12 that is not less than 50 percent of the total  
 13 amount made available under paragraph  
 14 (1)”;

15 (iv) in clause (iii)—

16 (I) in the clause heading, by  
 17 striking “SEPTEMBER 1” and insert-  
 18 ing “AUGUST 15”; and

19 (II) by striking “September 1”  
 20 and inserting “August 15”;

21 (C) in subparagraph (B)—

22 (i) in clause (i), by striking “25 per-  
 23 cent” and inserting “an amount that is not  
 24 less than 40 percent of the total amount  
 25 made available under paragraph (1)”;

1 (ii) in clauses (i) and (ii), by striking  
 2 “farmers and ranchers” each place it ap-  
 3 pears and inserting “farmers or ranchers”;  
 4 and

5 (D) in the subparagraph heading of sub-  
 6 paragraph (C), by striking “FARMERS AND  
 7 RANCHERS” and inserting “FARMERS OR  
 8 RANCHERS”;  
 9 (3) by striking paragraph (3); and  
 10 (4) by redesignating paragraph (4) as para-  
 11 graph (3).

12 (b) REALLOCATION.—Section 346(b) of the Consoli-  
 13 dated Farm and Rural Development Act (7 U.S.C.  
 14 1994(b)) (as amended by subsection (a)) is amended by  
 15 adding at the end the following:

16 “(4) REALLOCATION.—

17 “(A) QUALIFIED BEGINNING FARMERS OR  
 18 RANCHERS.—Any funds reserved and allocated  
 19 under paragraph (2) for qualified beginning  
 20 farmers or ranchers in a State but not used  
 21 within the State as of the applicable date speci-  
 22 fied in subparagraph (A)(iii) or (B)(iii) of para-  
 23 graph (2), shall be redistributed by the Sec-  
 24 retary, in order of priority, to make or guar-  
 25 antee loans for—

1 “(i) pending applications from quali-  
2 fied beginning farmers or ranchers in other  
3 States for the same type and category of  
4 loan under this title as the unused funds  
5 were originally made available;

6 “(ii) pending applications from quali-  
7 fied beginning farmers or ranchers within  
8 the State or in other States for farm own-  
9 ership (including down payment loans) or  
10 operating loans or loan guarantees under  
11 this title;

12 “(iii) pending applications from so-  
13 cially disadvantaged farmers or ranchers  
14 within the State or in other States for  
15 farm ownership (including down payment  
16 loans) or operating loans or loan guaran-  
17 tees under this title;

18 “(iv) pending applications within the  
19 State for farm ownership (including down  
20 payment loans) or operating loans or loan  
21 guarantees under this title; and

22 “(v) pending applications for farm  
23 ownership (including down payment loans)  
24 or operating loans or loan guarantees

1 under this title in other States, as deter-  
 2 mined by the Secretary.

3 “(B) SOCIALLY DISADVANTAGED FARMERS  
 4 OR RANCHERS.—Any funds reserved and allo-  
 5 cated under paragraph (2) for socially dis-  
 6 advantaged farmers or ranchers in a State but  
 7 not used within the State as of the applicable  
 8 date specified in subparagraph (A)(iii) or  
 9 (B)(iii) of paragraph (2), shall be redistributed  
 10 by the Secretary, in order of priority, to make  
 11 or guarantee loans for—

12 “(i) pending applications from socially  
 13 disadvantaged farmers or ranchers in other  
 14 States for the same type and category of  
 15 loan under this title as the unused funds  
 16 were made available;

17 “(ii) pending applications from so-  
 18 cially disadvantaged farmers or ranchers  
 19 within the State or in other States for  
 20 farm ownership (including down payment  
 21 loans) or operating loans or loan guaran-  
 22 tees under this title;

23 “(iii) pending applications from begin-  
 24 ning farmers or ranchers within the State  
 25 or in other States for farm ownership (in-

1 cluding down payment loans) or operating  
 2 loans or loan guarantees under this title;

3 “(iv) pending applications within the  
 4 State for farm ownership (including down  
 5 payment loans) or operating loans or loan  
 6 guarantees under this title; and

7 “(v) pending applications for farm  
 8 ownership (including down payment loans)  
 9 or operating loans or loan guarantees  
 10 under this title in other States, as deter-  
 11 mined by the Secretary.”.

12 **SEC. 9. SOIL AND WATER CONSERVATION AND PROTEC-**  
 13 **TION.**

14 Section 304 of the Consolidated Farm and Rural De-  
 15 velopment Act (7 U.S.C. 1924) is amended by striking  
 16 subsections (b) and (c) and inserting the following:

17 “(b) PRIORITY.—In making or guaranteeing loans  
 18 under this section, the Secretary shall give priority to—

19 “(1) qualified beginning farmers or ranchers;

20 “(2) socially disadvantaged farmers or ranch-  
 21 ers;

22 “(3) owners or tenants who use the loans to  
 23 convert to sustainable or organic agricultural pro-  
 24 duction systems; and

1           “(4) producers who use the loans to build con-  
 2           servation structures or establish conservation prac-  
 3           tices to comply with section 1212 of the Food Secu-  
 4           rity Act of 1985 (16 U.S.C. 3812).”.

5   **SEC. 10. CONSERVATION RESERVE PROGRAM TRANSITION**  
 6           **INCENTIVES.**

7           Section 1235(c) of the Food Security Act of 1985 (16  
 8   U.S.C. 3835(c)) is amended—

9           (1) in paragraph (1)(B)—

10                  (A) in clause (ii), by striking “or” at the  
 11                  end;

12                  (B) by redesignating clause (iii) as clause  
 13                  (iv); and

14                  (C) by inserting after clause (ii) the fol-  
 15                  lowing:

16                          “(iii) to facilitate a transition of land  
 17                          subject to the contract from a retired or  
 18                          retiring owner or operator to a beginning  
 19                          farmer or rancher or socially disadvan-  
 20                          taged farmer or rancher for the purpose of  
 21                          returning some or all of the land into pro-  
 22                          duction using sustainable grazing or crop  
 23                          production methods; or”; and

24           (2) by adding at the end the following:

1           “(3) TRANSITION OPTION FOR BEGINNING  
2 FARMERS OR RANCHERS AND SOCIALLY DISADVAN-  
3 TAGED FARMERS OR RANCHERS.—

4           “(A) IN GENERAL.—In the case of a con-  
5 tract modification approved in order to facili-  
6 tate the transfer of land subject to a contract  
7 from a retired or retiring owner or operator to  
8 a beginning farmer or rancher or socially dis-  
9 advantaged farmer or rancher under paragraph  
10 (1)(B)(iii), the Secretary shall—

11           “(i) beginning on the date that is 1  
12 year before the date of termination of the  
13 contract—

14           “(I) allow the beginning farmer  
15 or rancher or socially disadvantaged  
16 farmer or rancher, in conjunction with  
17 the retired or retiring owner or oper-  
18 ator, to make conservation and land  
19 improvements; and

20           “(II) allow the beginning farmer  
21 or rancher or socially disadvantaged  
22 farmer or rancher, at the election of  
23 the farmer or rancher, to begin the  
24 certification process under the Or-

1                   ganic Foods Production Act of 1990  
2                   (7 U.S.C. 6501 et seq.);

3                   “(ii) beginning on the date of termi-  
4                   nation of the contract, allow the retired or  
5                   retiring owner or operator to sell or lease  
6                   (under a long-term lease or a lease with an  
7                   option to purchase) to the beginning farm-  
8                   er or rancher or socially disadvantaged  
9                   farmer or rancher the land subject to the  
10                  contract for production purposes;

11                  “(iii) require the beginning farmer or  
12                  rancher or socially disadvantaged farmer  
13                  or rancher to develop and implement a  
14                  comprehensive conservation plan that  
15                  meets such sustainability criteria as the  
16                  Secretary may establish;

17                  “(iv) provide to the beginning farmer  
18                  or rancher or socially disadvantaged farm-  
19                  er or rancher an opportunity to enroll in  
20                  the conservation security program estab-  
21                  lished under subchapter A of chapter 2 or  
22                  the environmental quality incentives pro-  
23                  gram established under chapter 4 by not  
24                  later than the date on which the farmer or

1           rancher takes possession, through owner-  
2           ship or lease, of the land; and

3           “(v) continue to make annual pay-  
4           ments to the retired or retiring owner or  
5           operator for not more than an additional 2  
6           years after the date of termination of the  
7           contract, if the retired or retiring owner or  
8           operator is not a family member (as de-  
9           fined in section 1001A(b)(3)(B) of the  
10          Food Security Act of 1985 (7 U.S.C.  
11          1308–1(b)(3)(B)) of the beginning farmer  
12          or rancher or socially disadvantaged farm-  
13          er or rancher.

14          “(B) REENROLLMENT.—The Secretary  
15          shall provide to a beginning farmer or rancher  
16          or socially disadvantaged farmer or rancher de-  
17          scribed in subparagraph (A) the option to re-  
18          enroll any applicable partial field conservation  
19          practice that is—

20               “(i) eligible for enrollment under the  
21               continuous signup requirement of section  
22               1231(h)(4)(B); and

23               “(ii) part of an approved comprehen-  
24               sive conservation plan.”.

1 **SEC. 11. CONSERVATION COST SHARING.**

2 (a) CONSERVATION SECURITY PROGRAM.—Section  
 3 1238C(b)(1) of the Food Security Act of 1985 (16 U.S.C.  
 4 3838c(b)(1)) is amended in subparagraphs (C)(ii), (D)(ii),  
 5 and (E)(ii), by striking “rancher, 90 percent” each place  
 6 it appears and inserting “rancher, or a socially disadvan-  
 7 tagged farmer or rancher, does not exceed the lesser of 90  
 8 percent or an amount equal to 15 percent more than the  
 9 rate offered to other farmers”.

10 (b) ENVIRONMENTAL QUALITY INCENTIVES PRO-  
 11 GRAM.—Section 1240B(d)(2) of the Food Security Act of  
 12 1985 (16 U.S.C. 3839aa–2(d)(2)) is amended by striking  
 13 subparagraph (A) and inserting the following:

14 “(A) BEGINNING FARMERS OR RANCHERS  
 15 AND SOCIALLY DISADVANTAGED FARMERS OR  
 16 RANCHERS.—The Secretary may increase the  
 17 amount provided to a producer under para-  
 18 graph (1) that is a beginning farmer or rancher  
 19 or a socially disadvantaged farmer or rancher,  
 20 as determined by the Secretary, to an amount  
 21 not more than the lesser of—

22 “(i) 90 percent; and

23 “(ii) 15 percent more than the rate  
 24 offered to other farmers or ranchers.”.

1       (c) CONSERVATION INCENTIVES AND RESERVED  
 2 FUNDING.—Section 1244 of the Food Security Act of  
 3 1985 (16 U.S.C. 3844) is amended—

4           (1) in subsection (a)—

5               (A) by redesignating paragraphs (1) and  
 6               (2) as subparagraphs (A) and (B), respectively,  
 7               and indenting the subparagraphs appropriately;

8               (B) by striking “In carrying out” and in-  
 9               serting the following:

10           “(1) IN GENERAL.—In carrying out”;

11               (C) in paragraph (1) (as designated by  
 12               subparagraph (B)), by striking “and Indian  
 13               tribes” and all that follows through “agricul-  
 14               tural producers” and inserting “, Indian tribes,  
 15               and socially disadvantaged farmers or ranch-  
 16               ers”; and

17               (D) by adding at the end the following:

18           “(2) REQUIREMENTS.—In carrying out this  
 19           subsection, the Secretary shall—

20               “(A) develop a definition of the term ‘be-  
 21               ginning farmer or rancher’ that—

22                   “(i) is based, to the maximum extent  
 23                   practicable, on the definition of that term  
 24                   under section 343(a) of the Consolidated

1 Farm and Rural Development Act (7  
2 U.S.C. 1991(a)); and

3 “(ii) includes—

4 “(I) a fair and reasonable test of  
5 net worth; and

6 “(II) such other criteria as the  
7 Secretary determines to be appro-  
8 priate;

9 “(B) develop and implement cooperative  
10 agreements with entities, including the Natural  
11 Resources Conservation Service, Extension enti-  
12 ties, nongovernmental and community-based or-  
13 ganizations, educational institutions, and pri-  
14 vate technical service providers, with expertise  
15 in addressing the needs of beginning farmers or  
16 ranchers and socially disadvantaged farmers or  
17 ranchers to provide—

18 “(i) sustainable agricultural systems  
19 training and technical assistance; and

20 “(ii) comprehensive whole-farm con-  
21 servation planning education and technical  
22 assistance;

23 “(C) offer to beginning farmers or ranch-  
24 ers and socially disadvantaged farmers or  
25 ranchers a special incentive or bonus payment

1           for developing comprehensive whole-farm or  
 2           -ranch resource management system conserva-  
 3           tion plans as part of participation in—

4                   “(i) the conservation security program  
 5                   established under subchapter A of chapter  
 6                   2 of subtitle D; or

7                   “(ii) the environmental quality incen-  
 8                   tives program established under chapter 4  
 9                   of that subtitle;

10                  “(D) provide a substantial number of  
 11                  ranking points—

12                   “(i) for beginning farmers or ranchers  
 13                   and socially disadvantaged farmers or  
 14                   ranchers within each conservation program  
 15                   under this title that uses a ranking system  
 16                   to determine enrollment; and

17                   “(ii) for detailed farm transition plan-  
 18                   ning under the farmland protection pro-  
 19                   gram established under subchapter B of  
 20                   chapter 2 of subtitle D; and

21                  “(E) provide such other incentives and  
 22                  benefits as the Secretary determines to be ap-  
 23                  propriate.

24                  “(3) RESERVATION OF FUNDING.—

1           “(A) IN GENERAL.—Of funds made avail-  
 2           able for a fiscal year to carry out this title, the  
 3           Secretary shall reserve, for a period of not less  
 4           than 120 days after the date on which the  
 5           funds are made available—

6                   “(i) not less than 10 percent for be-  
 7                   ginning farmers or ranchers; and

8                   “(ii) not less than 10 percent of funds  
 9                   for socially disadvantaged farmers or  
 10                  ranchers.

11           “(B) TECHNICAL ASSISTANCE.—Of  
 12           amounts reserved under subparagraph (A), the  
 13           Secretary may provide to beginning farmers or  
 14           ranchers and socially disadvantaged farmers or  
 15           ranchers technical assistance at a rate that is  
 16           not more than 15 percent higher than the rate  
 17           that would otherwise apply to the farmers or  
 18           ranchers.

19           “(4) EFFECT OF SUBSECTION.—Nothing in this  
 20           subsection prohibits any beginning farmer or ranch-  
 21           er or any socially disadvantaged farmer or rancher  
 22           from—

23                   “(A) participating in any other program;  
 24                  or

1                   “(B) receiving funds made available under  
 2                   this title that are not reserved pursuant to  
 3                   paragraph (3)(A).”.

4 **SEC. 12. RESEARCH PROGRAMS.**

5           (a) COMPETITIVE, SPECIAL, AND FACILITIES RE-  
 6 SEARCH GRANTS.—Section 2(b)(2) of the Competitive,  
 7 Special, and Facilities Research Grant Act (7 U.S.C.  
 8 450i(b)(2)) is amended—

9                   (1) in the first sentence of the matter preceding  
 10                  subparagraph (A), by striking “(F)” and inserting  
 11                  “(G)”;

12                  (2) in subparagraph (E), by striking “and” at  
 13                  the end;

14                  (3) in subparagraph (F), by striking the period  
 15                  at the end and inserting “; and”; and

16                  (4) by adding at the end the following:

17                               “(G) areas of concern to beginning farmers  
 18                               or ranchers, including—

19                                       “(i) farm transfer and farm entry;

20                                       “(ii) farm transition options for retir-  
 21                                       ing farmers or ranchers;

22                                       “(iii) land tenure;

23                                       “(iv) farm viability;

1 “(v) socially disadvantaged farmers or  
 2 ranchers and immigrant farmers or ranch-  
 3 ers; and

4 “(vi) production, marketing, conserva-  
 5 tion, and risk management alternatives rel-  
 6 evant to new and beginning farmers or  
 7 ranchers.”.

8 (b) INITIATIVE FOR FUTURE AGRICULTURE AND  
 9 FOOD SYSTEMS.—Section 401(c)(2)(F) of the Agricul-  
 10 tural Research, Extension, and Education Reform Act of  
 11 1998 (7 U.S.C. 7621(c)(2)(F)) is amended—

12 (1) by striking “including the viability” and in-  
 13 serting the following: “including—

14 “(i) the viability”; and

15 (2) by striking “operations.” and inserting the  
 16 following: “operations;

17 “(ii) farm transition options for retir-  
 18 ing farmers or ranchers; and

19 “(iii) farm transfer and entry alter-  
 20 natives for beginning farmers or ranchers  
 21 or socially disadvantaged farmers or ranch-  
 22 ers.”.

1 **SEC. 13. RISK MANAGEMENT EDUCATION FOR BEGINNING**  
 2 **FARMERS OR RANCHERS.**

3 Section 524(a) of the Federal Crop Insurance Act (7  
 4 U.S.C. 1524(a)) is amended—

5 (1) by redesignating paragraph (4) as para-  
 6 graph (5); and

7 (2) by inserting after paragraph (3) the fol-  
 8 lowing:

9 “(4) REQUIREMENTS.—In carrying out the pro-  
 10 grams established under paragraphs (2) and (3), the  
 11 Secretary shall place special emphasis on risk man-  
 12 agement strategies, education, and outreach specifi-  
 13 cally targeted at—

14 “(A) beginning farmers or ranchers;

15 “(B) immigrant farmers or ranchers that  
 16 are attempting to become established producers  
 17 in the United States;

18 “(C) socially disadvantaged farmers or  
 19 ranchers;

20 “(D) farmers or ranchers that—

21 “(i) are preparing to retire; and

22 “(ii) are using transition strategies to  
 23 help new farmers or ranchers get started;  
 24 and

1                   “(E) new or established farmers or ranch-  
2                   ers that are converting production and mar-  
3                   keting systems to pursue new markets.”.

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